

A Business Case for Free Software by Rijk Ravestein. March 21, 2020.

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Summary

This paper presents a case study of a grassroots attempt to produce and deliver Free Software in a fair and just business setting. The balance sheet is promising. Revenue and profit is being made. At the same time it is painful to discover that commitment and support for Free Business grassroots from Free Software institutions is completely lacking. This is worrying because a lot is at stake. While Big Tech makes big bucks with Free and Open Source software, Software Freedom is further marginalized. For the Free Software Community to survive it must break free from libertarian sentiments and fight its battle into the very center where money runs the software world, the Free Market Economy.

Introduction

I am a software developer for 35 years now. I've worked on proprietary products for large corporations in the past, but was so disappointed with quality and culture that, when I acquired the financial means, I gave it all up to practice my profession the way I think is right. Of course it helped that my children are grown up, the mortgage is paid off, and my wife and I are satisfied with a modest lifestyle. From 2013 on I'm producing my own flagship product under [AGPL](#) license. Ever since I feel liberated and I enjoy producing [Free Software](#) every day.

Vision

While producing Free Software, I found that to actually make it work in a fair and just way, one needs extra measures besides a Free Software License. Like it or not, strong moral, social and political views are needed as well. To claim and exercise Freedom you need direction, purpose and a guiding compass.

Action

You can talk the talk of Freedom, but what obstacles do you encounter when you actually walk the walk? What if your ambition is to have real impact with your Free Software? What if you want to make organizations choose your Free Software above proprietary alternatives? What if you want to make Free Software delivery your profession and earn a living with it? What if you want to help a Free Society move forward?

Those were the questions I asked myself, and to get answers I decided to walk the walk myself and see where it took me. The Free Software that accompanies me on my journey is [SavaPage Open](#) [Print Portal](#) and will be referred to as "SavaPage" from here on.

Libre Business

To really make my Free Software work, I designed the social fabric in which I hoped it could excel and do justice to everyone involved. This implied doing business with real money, contracts and

obligations. Enter the “Libre Business Model” as explained in a sort of manifesto in the sections below.

Why a Libre Business Model is needed

Be part of the pack

Make it easy for organizations to adopt Free Software.

- If we are serious about Free Software, we must also be serious about being accepted as sustainable solution providers in the now dominating Free Market however flawed it may be.
- To be accepted, we must offer our Free Software Solutions in a solid corporate framework where contracts, invoicing and all other bureaucratic elements are according to legal standards.

Ethics in, ethics out

Create Free Software with Justice for All.

- The very same ethics that are fundamental to Free Software, must also be the core of our business conduct.
- In a Libre Business Model, business partners cooperate to deliver a Free Software Solution in united responsibility, to guard and support software freedom for community members in a sustainable way.
- Business Partners are Free Agents and have the freedom to do business on their own account at all times.
- The Libre Business Model dictates financial transparency and non-exploitative behavior.
- To discourage shady deals by unsolicited men-in-the-middle, all prices are made public.
- Money is made, not abundant at the expense of our fellows, but sufficient to financially compensate Libre Business Partners fairly for their community services.
- Since the standard of living is different in different parts of the world, and not every organization has the same financial resources, pricing may be too high for some. Therefore, motivated participants must not be excluded for financial reasons, but will be accepted with the payment they can afford.
- We invest in long-term commitment and sustainable relations to bring Free Software forward.
- Shareholder value is not a monetary entity, but the shared ethical and social commitment of all Free Software Community members.

Help Free Software Professionals

Help Free Software Professionals make a living by lowering the threshold for engaging in Free Software Development.

- There are many skilled and highly motivated Free Software Professionals around the world. Since there are very few full-time Free Software jobs, it is very hard for professionals to live their dream and make a living off Free Software.
- A Libre Business Model enables Free Software Professionals to engage in development and support activities in a flexible way. Even a few hours spread over the week can be made worthwhile.
- Professionals can adopt a cautious strategy and watch for a tipping point where one could for instance cut down a regular full-time job to 3 days a week, and work 2 days a week for one or several Libre Business Model implementations.

Prevent Tragedy of the Commons

[Tragedy of the Commons](#) is the dilemma that people's short-term selfish interests are at odds with long-term group interests and the common good.

- Organizations consuming Free Software as “free beer” act against their own interest.
- Producing Free software *does* have a cost in terms of effort and resources used.
- When costs are not compensated, producers will eventually fade away.
- A Libre Business Model values the intrinsic motivation of Free Software producers and provides a framework in which they are compensated for their efforts and resources used.

Designing a Libre Business Model

The Libre Business Model is an application of Free Software Design Patterns.

- Concepts like Decentralization, Peer-to-Peer, Distribution and Confederation are ingrained into Free Software Design and considered best practice to let users optimally exercise their freedom.
 - *With Free Software users control their own computer instead of being controlled by their computer.*
- Likewise, a Libre Business Model is designed as a distributed federation of small business units, or individual professionals, who cooperate peer-to-peer to accomplish well defined Free Software community targets.
 - *In a Libre Business Model partners run their own business instead of being run by a business.*

- A distributed design facilitates fail-over capability. Partners can take over each others work when one of them is unavailable. This makes Free Software Support sustainable.
- The Libre Business Model leans heavily on a [Web-of-Trust](#). By achieving common business goals, trust among federated partners will be extended and reinforced.
 - *Trust is the most valuable equity of a Free Software community.*
- [Conway's Law](#) states that "organizations produce designs whose structure is a copy of the organization's communication structure". Restated by Eric S Raymond, "the organization of the software and the organization of the software team will be congruent".
 - *The Libre Business Model is congruent with Free Software Design Patterns.*

Libre Practice

I am the owner, and in 2015 was the sole employee of [Datraverse BV](#), a company I established in 1998 for my software development contracting work. The "BV" (Besloten Vennootschap) acronym is the Dutch equivalent of a Limited (Ltd) or Limited Liability Company (LLC).

As it happens Datraverse BV is also the owner and creator of [SavaPage Open Print Portal](#), and therefore the perfect legal umbrella to prototype the Libre Business Model. I implemented the model as a so-called [Libre Practice](#) for the SavaPage Community, see <https://wiki.savapage.org> for a complete explanation. In a nutshell, the practice works as follows:

Management

Datraverse acts as manager of the SavaPage Community.

- Datraverse owns the [GitLab Code Repositories](#).
- Datraverse produces installation binaries and a comprehensive [User Manual](#).
- Datraverse manages the [Forum](#), [Wiki](#), [Help Desk](#) and [Issue Tracker](#).

Subscription

Business is fueled by recurring subscription fees from community member organizations.

- Organizations get Community Resident status, by paying a one-time enrollment fee and yearly subscription amounts.
- [Subscription amounts](#) are proportional to the number of Participants (students, employees, etc).
- Community Residents are entitled to free, as in "free beer", [Technical Support](#).
- A flexible [SLA contract](#) is available for Operational Support.

Fair Share

Dataverse guaranties that subscription fees are fairly shared among partners.

- [Development Partners](#) get a share proportional to their efforts.
- [Deployment Partners](#) get a percentage from the subscription fees of the Community Residents they support and deliver to, and are free to invoice value-added services to Residents on their own account.
- [Translation Partners](#) get a percentage from the subscription fees of Community Residents originating from the locale they translate for.

Legal Steward

Dataverse takes care of all legal matters like invoicing, taxes (VAT), etc.

- [Terms & Conditions](#)
- Development and Translation Partners sign the Fiduciary Licence Agreement (FLA) as created by the [Free Software Foundation Europe](#)(FSFE).
- Dutch tax law allows Dataverse to transfer money to individual professionals who don't have a legal business entity themselves.
- A list of money transfers to Dutch citizens is sent by Dataverse to Dutch Tax Office yearly. The money transfer total automatically appears as income on the person's yearly tax return form.
- Dutch Tax Office does not need a list of money transfers to persons outside The Netherlands. Persons are responsible to handle transfers according to tax laws in their own jurisdiction.

Ambitions

- Scale up to a federated practice in which many independent professionals can make a living by giving end-users a great [SavaPage Experience](#).
- Inspire other Free Software Communities, so more Libre Software Practices will emerge. In that way professionals could engage in several practices and create a more steady income.
- Hand the Libre Software Practice over to a younger generation.

Results

Financial

There is revenue and profit from subscription fees and SLA contracts.

Members

To date, the SavaPage Community comprises 16 subscribing organizations with a total of 48,000 participants.

Partners

I employed a GNU/Linux administrator part-time, contracted a self-employed administrator for several SavaPage implementations, and collaborated intensively with a community volunteer. I invested a lot in long term relationships and welcomed the input of my peers at all times. I really enjoyed working with them. They had real added value.

- *Sad to say that all three partners eventually were unable to meet the requirements inherent in a business environment and eventually resigned.*

I sent dozens of introduction emails to persons who promoted themselves as Free Software Advocates and on their web site invited anyone to contact them.

- *Nobody replied.*

Allies

The [Free Software Foundation](#) (FSF) is a nonprofit with a worldwide mission to promote computer user freedom.

- In 2015 I applied to get SavaPage mentioned in the FSF [Free Software Directory](#). I got no response for 3 years. All my emails, kindly asking about status, were never answered. Finally, after using a non-descriptive email address, a ticket was created and a few days later on Nov 11, 2018 I got this answer:

"It looks like the user manual is nonfree (non-commercial is nonfree). If that gets fixed, the entry should be linking to the repo or a tarball of the source code. On its face this looks like an entry promoting a service rather than describing a free software project. The Directory is for free software, not for services that use free software. Directory entries should be for individual software packages, but if multiple packages are useful in conjunction there could be a category or perhaps a tag."

For the record, SavaPage is a Free Software Service meant to be deployed on one's own premises. It is a comprehensive Print Management Application consisting of 10+ personal and 10+ contributed projects on <https://gitlab.com/savapage>.

[Free Software Foundation Europe](#) (FSFE) is a charity that empowers users to control technology.

- I joined as FSFE Fellow in 2015 and attended the 2016 FSFE summit in Berlin. I submitted a paper about the Libre Business Model for the [Let's talk business](#) track where "we cover

various aspects of business models and business experiences with or on top of Free Software”.

Although I got rejected, I looked forward to the talks who got accepted. I attended most of the track, but got disappointed because:

- *The dominant angle was how business could profit from Free Software instead of how to start a Free Software Business.*
- *None of the talks addressed a way on how Free Software developers could earn a living.*

Conclusions

A Libre Practice does not distinguish itself from a regular business when it comes to recruiting and marketing. Although SavaPage succeeded as proof-of-concept and is successful at a small scale, is it very hard to get people involved and get enough traction to become a sustainable Free Business factor. As we saw, Free Software Organizations such as FSF and FSFE show no commitment and offer no help. Individual Free Software Advocates do not respond to contact requests. Why is that?

The Walk of Freedom

Where does Freedom take us? Can I exercise my Freedom and at the same time limit yours? No, I can't. Fortunately there *is* such a thing as society to prevent that to happen by enforcing justice. Can I extend your Free Software and use it to exploit and curtail the Freedom of others for my own gain? Yes, I can. The copy-left licensing does not prevent that to happen as long as the extension is copy-left licensed as well. Can I use your Free Software to save or make a lot of money without paying you anything in return? Yes, I can. I guess we all feel the injustice of these liberties. But how do we deal with that felt injustice?

Freedom Advocates

The Free Software Foundation (FSF) was founded in the mid eighties with Personal Computing becoming mainstream. In that context Free Software and the GPL made perfect sense. Thirty-five years later, the technological and social landscape has changed completely. However, on major points the FSF still seems to live in the old days. The Freedom part of the Software is still viewed from a personal [Civil Libertarian](#) perspective and, despite the current age of social media, is devoid of any social prescription. And the pun term copy-left still has nothing to do with left wing politics but simply is the literal opposite of copy-right. Freedom according to FSF is about unrestricted access to software source code as opposed to proprietary software that is published as binary executable without underlying source code. In short, the much-cited [Four Freedoms](#) are about the free *exchange* of information¹, it is not about how information is *applied*.

¹ The Right to Freedom of Information is part of the inalienable Human Rights. These Rights are listed in Article 12 and Article 19 of the Universal Declaration of Human Rights based on Resolution 217 A (III) of the UN General Assembly as Objects of Legal Protection.

In the nineties the social void of Free Software was filled by the [Open Source Initiative](#). Because the word “free” does not sound like a way to make profit, the term Open Source was coined to gain acceptance and support from corporate. The Open Source brand covers a very broad software license that makes source code available with relaxed or even non-existent restrictions on its use and modification. This is an explicit “feature” in order to enable the rapid evolution of the software. Open Source is libertarianism on steroids and the ultimate freeway to produce software products and services for Free Market sales. In short, Open Source is a community driven method to efficiently create software for accidental freedom fun but mainly for profit.

The enormous success of Open Source has marginalized the voice of freedom advocated by the FSF. While Silicon Valley and Wall Street are served with unlimited libertarian freedom, at the same time these actors kill user freedom on an unprecedented scale. You could say that the trick to fight copyright by using copyright law itself, is neatly applied to the Free Market by Open Source simply by taking the liberty. To paraphrase Karl Popper's [Paradox of Tolerance](#): *“If freedom is exercised without limit, freedom will eventually be seized or destroyed by the ones who aim to restrict it”*.

How does the FSF react to all this? Basically it tells us [Why Open Source misses the point of Free Software](#), but fails to present a sound business alternative.

On their 2019 web page about [Selling Free Software](#) FSF states that *“Redistributing free software is a good and legitimate activity; if you do it, you might as well make a profit from it”*. And *“A high CD-ROM price is not a major obstacle when the software is free”*. Redistributing on CD-ROM, really?

FSF executive director John Sullivan states in his speech “The business case for copyleft” at [LFNW \(2018-04-28–29\)](#) that:

The GNU General Public License (...) protects the commercial use of software and code: the opportunity to profit from technology is inherent in the idea behind user freedom. Not only are copyleft licenses freedom respecting, they have monetary benefits including (...) you benefit from someone else fixing bugs and building off of your code.

Who is FSF protecting in this case? The company that cashes in on the source code, or “someone else” from the Free Software community who creates, expands or repairs the code, obviously without getting paid? And what about the end user who is ultimately exploited by GPL supported services. It's obvious that FSF is struggling to determine its course of action.

What about the FSFE? They seem to have their own trouble to deal with business, although at a slightly different level. It is remarkable to see that [Google is top donor of the FSFE](#), contributing for more than 10% of their yearly budget. *In the end business is closer than expected, albeit on the wrong side of the line.*

Beyond Copy-Left

Recently, various socially and economically restrictive licenses have been published to address the felt injustice inducted by copy-left licenses. In my opinion these alternatives only contribute to randomness and a lack of clarity for all involved (apart from the fact that they are also very difficult to enforce).

I think we should *not* inject social or economic restrictions into copy-left licenses. If people misuse Free Software for non-free purposes, you can morally condemn them, but prohibiting this practice is beyond the jurisdiction (and capacity) of the copy-left owner.

Despite all concerns, copy-left must remain the crucial precondition for user freedom on *all* levels. This implies that malpractice is not only about license violations but must also be addressed in a social economic context. I suggest that the best strategy to prevent malpractice is to make Fair and Just Use of Free Software the norm and best choice under all circumstances.

The Libre Business Model and Libre Practice presented in this paper are modest attempts to make the implications of defending user freedom visible and a subject of discussion.

Human Factors

Delivering Free Software Services to customers requires social and business skills that many technically skilled persons seem to have trouble with.

The Road Ahead

Are FSF and affiliates able to read the signs of the times? Can they reclaim leadership for the cause of user freedom? Can they counter user exploitation? Are they willing to promote a sound Free Business alternative to Open Source? I'm not sure whether existing organizations are able to reinvent themselves that way.

An encouraging initiative though is the FSFE campaign [Public Money, Public Code](#) since it explicitly addresses the political domain. Indeed "*Free and Open Source Software (...) allows everybody to freely use, study, share and improve applications (...)*". But the statement that "*Free and Open Source Software licences provide safeguards against being locked in to services from specific companies that use restrictive licences to hinder competition*" is only partly true. Economical lock-in will still occur if the means for software production is owned by just a few stock market listed companies.

If government ignores to provide a level playing field and goes the easy way, the same old companies will be selected as preferred supplier over and over again. In that event smaller Free Software Practices will have no fair business opportunity to participate in code production and services.

For Europeans like me to it's very hard to fathom the libertarian motives which seem to be ingrained in American culture. Historically, in Europe freedom is usually not defended from within individual

trenches against a government that is experienced as intrusive and meddling. Instead solidarity between individuals and groups, facilitated by government and [Social Market Economy](#), has proved to be very productive.

For the Free Software Community to survive it must break free from libertarian sentiments around Personal Computing and fight its battle into the very center where money runs the software world, aka the Free Market Economy. Like every emancipation movement, we must claim our socio-economic rights and take on our duty to contribute to a comprehensive Free and Open Society in our own unique way.

We are currently insufficiently organized to take up this fight effectively. However, I am convinced that social mobilization will follow if we are able to communicate the right social analysis.

We, the Free Software Community have showed to be tremendous resourceful and resilient in the technical field. Now it's time to show our social skills and commitment. Now it's time to conquer the Free Market. We must not turn our back on society but look it into the eye with self confidence. We must unite. We have nothing to lose but our insignificance. We have a world to win.